

## REMARKS

Applicant thanks the Patent Office for the careful attention accorded this application and respectfully requests reconsideration in view of the Amendment above and remarks set forth below.

In response to the Office Action mailed November 29, 2005, Applicant has cancelled claims 106 and 107 without prejudice or disclaimer and has amended the limitations of these claims to amended Claim 108, in order to more clearly and distinctively point out the present invention over the prior art of record. Dependent claims Claims 109-113, 128, 129, 135-142 and 154 have been amended to depend from amended Claim 108.

As amended, the present invention defined by amended Claim 108 is directed to an automated system for reducing risk in payment-based transactions, wherein a payment bank subsystem, operated by a payment bank, that processes a payment-based transaction, includes an integrated a module that stores at least one user-supplied risk parameter associated with an account holder, and includes a risk filter routine that operates during processing of a transaction to determine whether to selectively reject payment authorized by a first instruction (authorizing payment from the account holder to a Counterparty during processing of the transaction) stored in a queue based upon the at least one user-supplied risk parameter associated with the Counterparty;

wherein the risk filter routine

automatically generates an available balance for the Counterparty based upon the at least one user-supplied risk parameter, payments made by the account holder, and payments received by the account holder;

automatically accesses a first instruction stored in the payment queue;

automatically determines whether to selectively reject payment authorized by the first instruction based upon the available balance;

wherein said risk filter routine automatically rejects payment authorized by the first instruction in the event that the amount of payment authorized by the first instruction exceeds the available balance; and

wherein the risk filter routine automatically returns the first instruction to the payment queue for later re-evaluation.

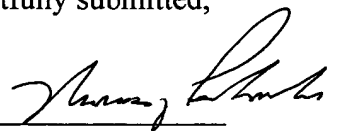
US Patent No. 5,649,116 to McCoy et al does not disclose, teach or suggest an automated system for reducing risk in payment-based transactions as defined by amended Claim 108, wherein a payment bank subsystem, includes a risk filter routine that automatically operates during the processing of a transaction to determine whether to selectively reject payment authorized by a first instruction, as claimed.

In contrast, the system disclosed in US Patent No. 5,649,116 requires maintaining a hierarchy of authorized officers who are sequentially called to authorize a transaction when the system determines that a limit has been reached. Moreover, the McCoy system does not even hint at a payment bank subsystem that employs a risk filter routine which automates risk analysis and the rejection of payment authorized by a payment instruction in the event that the amount of payment authorized by the payment instruction exceeds the available balance, as claimed.

In view, therefore, of the Amendment and Remarks set forth above, the present invention defined by amended Claims 108-113, 128-129, 135-142 and 154 is firmly believed to be neither anticipated by, nor rendered obvious in view of the prior art of record, and that the present application is now in condition for allowance.

Favorable action is earnestly solicited.

Respectfully submitted,



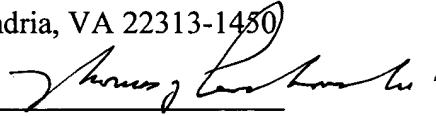
Thomas J Perkowski, Esq.  
Attorney for Applicant  
Reg. No. 33,134  
Thomas J. Perkowski, Esq., P.C.  
Soundview Plaza  
1266 East Main Street  
Stamford, Connecticut 06902  
203-357-1950  
<http://www.tjpatlaw.com>

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A handwritten signature in dark ink, appearing to read "Thomas J. Perkowski", is written over a horizontal line.

Thomas J Perkowski, Esq.  
Reg. No. 33,134  
Date: May 30, 2006